

RESOLUTION NO. 2012-126

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING
DOCUMENTS AND OFFICIAL ACTIONS RELATING TO THE
REFINANCING OF AN OUTSTANDING INSTALLMENT PAYMENT
OBLIGATION OF THE CITY OF LODI RELATING TO ITS
WASTEWATER SYSTEM AND THE ISSUANCE AND SALE OF
REFUNDING WASTEWATER REVENUE BONDS **BY** THE LODI
PUBLIC FINANCING AUTHORITY

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WHEREAS, the City of Lodi (the "City") owns and operates facilities and property for the collection, treatment, and disposal of wastewater within the service area of the City (the "System"); and

WHEREAS, the City previously entered into an Installment Purchase Agreement, dated as of May 1, 2004 (the "2004 Installment Purchase Agreement") with the Lodi Public Improvement Corporation (the "Corporation"), pursuant to which the City agreed to make certain installment payments in the aggregate principal amount of \$27,360,000 (the "2004 Installment Payments"), and caused execution and delivery of Wastewater System Revenue Certificates of Participation, 2004 Series A (the "2004 Certificates"), pursuant to a Trust Agreement, dated as of May 1, 2004 (the "2004 Trust Agreement"), between the Corporation and Union Bank, N.A., as successor trustee (the "2004 Trustee"), all for the purpose of financing certain additions, betterments, extensions, replacements, and improvements to the System (the "2004 Project"); and

WHEREAS, under current economic conditions, it is possible for the City to refinance the 2004 Installment Payments and achieve savings for the benefit of the customers of the System; and

WHEREAS, the debt service reserve fund for the 2004 Certificates was invested in an Investment Agreement with FSA Capital Management Services LLC, which currently pays the City an interest rate of 5.455%, and staff has concluded that, unless circumstances change, it is beneficial to the City to leave the Investment Agreement outstanding at this time; and

WHEREAS, in order to leave the Investment Agreement outstanding, the City must leave the final maturity of the 2004 Certificates (which matures October 1, 2024) outstanding; and

WHEREAS, in order to provide funds to refinance the 2004 Installment Payments, the Authority proposes to issue its 2012 Refunding Wastewater Revenue Bonds (the "Bonds") under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"); and

WHEREAS, in order to provide revenues which are sufficient to pay debt service on the Bonds, the City proposes to sell the 2004 Project to the Authority and the Authority proposes to sell the 2004 Project back to the City under an Installment Purchase Agreement, with the purchase price to be paid by the City in semiannual installments during the term of the Bonds; and

WHEREAS, the obligations of the City under the proposed Installment Purchase Agreement will be secured by a pledge of and lien on the net revenues of the System, on a parity with a pledge of and lien on the net revenues securing a 2003 installment payment obligation, a 2007 installment payment obligation and the 2004 Installment Payments corresponding to the 2004 Certificates maturing on October 1, 2024; and

WHEREAS, the City Council wishes at this time to take action approving such financing transactions and all related documents and actions.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi as follows:

Section 1. Approval of Refinancing Plan; Authorization of Bonds. The City Council hereby approves the refinancing plan described in the recitals of this Resolution. To that end, the City Council hereby approves the issuance of the Bonds by the Authority under the Bond Law in the aggregate principal amount of not to exceed \$22,000,000.

Section 2. Approval of Installment Purchase Agreement. The City Council hereby approves the Installment Purchase Agreement between the Authority and the City, under which the City agrees to sell the 2004 Project to the Authority and the Authority agrees to sell the 2004 Project back to the City for a purchase price to be paid in semiannual installment payments. As provided in the Installment Purchase Agreement, the installment payments thereunder shall be payable from and secured by a pledge of and lien on the net revenues of the System on a parity with a pledge of and lien on the net revenues securing a 2003 installment payment obligation and a 2007 installment payment obligation.

The Installment Purchase Agreement is hereby approved in substantially the form on file with the City Clerk together with any changes therein or additions thereto deemed advisable by the City Manager, the Deputy City Manager/Internal Services Director or the City Attorney (each, an "Authorized Officer"). An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest, the final form of the Installment Purchase Agreement, and such execution shall be conclusive evidence of the approval of the final form thereof.

Section 3. Approval of Escrow Deposit and Agreement. The City Council hereby approves an Escrow Deposit and Trust Agreement between the City and the 2004 Trustee, as escrow bank, providing for the deposit, investment and application of funds to refinance the 2004 Installment Payments and defease and prepay the 2004 Certificates. The City Council authorizes the City Manager to determine whether it is in the best interests of the City to refinance all of the 2004 Installment Payments or to leave the 2004 Installment Payments corresponding to the final maturity of the 2004 Certificates outstanding. The Escrow Deposit and Trust Agreement is hereby approved in substantially the form on file with the City Clerk together with any changes therein or additions thereto deemed advisable by an Authorized Officer. An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest, the final form of the Escrow Deposit and Trust Agreement, and such execution shall be conclusive evidence of the approval of the final form thereof.

Section 4. Sale of Bonds; Approval of Bond Purchase Agreement. The City Council hereby approves the negotiated sale of the Bonds by the Authority to JP Morgan and Stifel, Nicolaus & Company, Incorporated dba Stone & Youngberg, a Division of Stifel Nicolaus (collectively, the "Underwriter"). The Bonds shall be sold pursuant to the terms and provisions of a Bond Purchase Agreement among the Authority, the City and the Underwriter in substantially the form on file with the City Clerk together with any changes therein or additions thereto deemed advisable by an Authorized Officer. The Refunding Bonds shall be sold at such price and shall bear interest at such rates as shall produce a minimum net present value savings to the City of at least 3% of the principal component of the outstanding 2004 Installment Payments being refinanced, as such savings shall be verified and conclusively determined by the City's financial advisor (the "Minimum Savings Requirement"). The Underwriter's discount shall not

exceed 1.0%. The final form of the Bond Purchase Agreement shall be executed in the name and on behalf of the City by an Authorized Officer.

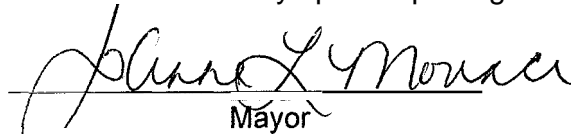
Section 5. Official Statement; Continuing Disclosure Certificate. The City Council hereby approves and deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the Preliminary Official Statement describing the Bonds in the form on file with the City Clerk, together with such modifications thereof as may be approved by an Authorized Officer. An Authorized Officer is hereby authorized and directed to (a) execute and deliver to the purchaser of the Bonds a certificate deeming the Preliminary Official Statement to be nearly final as of its date within the meaning of such Rule, (b) approve any changes in or additions to cause the Official Statement to be put in final form, and (c) execute the final Official Statement for and in the name and on behalf of the City. The City Council hereby authorizes the distribution of the Preliminary Official Statement and the Final Official Statement by the Underwriter.

The City Council hereby approves execution by an Authorized Officer of a Continuing Disclosure Certificate in substantially the form attached as an appendix to the Preliminary Official Statement.

Section 6. Official Actions. The Mayor, the City Manager, the Deputy City Manager/Internal Services Director, the City Clerk, the City Attorney and all other officers of the City are each authorized and directed in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution, including any documentation relating to municipal bond insurance if an Authorized Officer concludes, after consultation with the City's bond counsel, the City's financial advisor and the Underwriter, that it would be cost-effective to purchase such insurance. Whenever in this Resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in case such officer is absent or unavailable.


Section 7. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

Dated: August 1, 2012


Mayor

I hereby certify that Resolution No. 2012-126 was passed and adopted by the City Council of the City of Lodi in a regular/special joint meeting held August 1, 2012, by the following vote:

AYES:	COUNCIL MEMBERS – Hansen, Johnson, Katzakian, Nakanishi, and Mayor Mounce
NOES:	COUNCIL MEMBERS – None
ABSENT:	COUNCIL MEMBERS – None
ABSTAIN:	COUNCIL MEMBERS – None


RANDI JOHL
City Clerk

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